CITY of KELOWNA
FINANCIAL REPORT

1985

CITY OF KELOWNA

FINANCIAL REPORT

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1985 DIRECTORY OF OFFICIALS

MAYOR: G.D. Hammill

ALDERMEN:

J.E. Clark	E.A. Horning
B.W. Lee	T.W.P. Smithwick
H.N. Fix	J.H. Stuart
T.N. Treadgold	G.T. Campbell

COUNCIL APPOINTMENTS:

Central Okanagan Social Planning Society	Alderman Clark
Downtown Revitalization Committee	Alderman Smithwick
Economic Development Commission	Alderman Treadgold
Emergency Program Executive Committee	Alderman Treadgold
	Alderman Fix
	Alderman Smithwick
Expo 86 Task Force	Alderman Fix
Intergovernment Affairs Committee	Alderman Lee
	Alderman Horning
	Alderman Stuart
	Alderman Treadgold
Kasugai Sister City Society	Alderman Horning
Kelowna Advisory Committee/Okanagan College	Alderman Campbell
Kelowna Boys and Girls Club	Alderman Smithwick
Kelowna Centennial Museum Association	Alderman Lee
Kelowna Chamber of Commerce	Alderman Treadgold
Kelowna & District Arts Council	Alderman Campbell
Kelowna & District Hospital Society	Alderman Horning
Kelowna & District Society for Mentally Retarded	Alderman Clark
Kelowna International Regatta Association	Alderman Fix
Kelowna Transit Management Committee	Mayor Hammill
Okanagan College Board	Alderman Campbell
Okanagan Mainline Municipal Labour Relations	Alderman Smithwick
	Alderman Campbell
Okanagan Regional Library District	Alderman Campbell
Okanagan Similkameen Tourist Association	Alderman Clark
Pleasantvale Homes Society	Alderman Clark
Regional District of Central Okanagan (Parks Committee)	Alderman Fix
Rutland Town Centre Revitalization Committee	Alderman Lee
Senior Citizen Affairs Committee	Mayor Hammill
South Okanagan/Similkameen Union Board of Health	Alderman Campbell
South Pandosy/Gyro Revitalization Committee	Alderman Clark
Veendam Sister City Society	Alderman Treadgold
Youth Liaison Representative	Alderman Smithwick

SCHOOL TRUSTEES:

P. Greer (Chairman)

Dr. E. Buckley	J. Deschner
Dr. E. Warrendorf	R. McCormick
Dr. E. Schill	W. Boyd

CITY OFFICIALS:

Administrator	W.S. Fleming
Deputy Administrator	R.A. Born, B.A. Sc.
City Clerk	R.A. Beauchamp, ACIS, CMC
Director of Finance	H.K. Hall, R.I.A.
Deputy Treasurer	T.S. Wong, C.A.
Collections Supervisor	A.M. Cobden, R.I.A.
Manager, Budgets & Systems	C.P. Kraft, R.I.A.
Airport Manager	R. Sellick
Director of Planning Services	L. Kleyn, MRAIC, MCIP
Director of Public Operations & Eng. Services	H. Markgraf
Deputy Director of Engineering Services	J. Parry, P. Eng.
Civic Properties Superintendent	R. Hyatt
Deputy City Engineer	W.J. DiPasquale, P. Eng.
Manager Computer Services	D. Rasmussen
Supervisor Purchasing & Stores	R. Reiter
Recreation Superintendent	D. Irwin
Engineering Superintendent	D.W. MacGowan
Public Works Superintendent	G.N. Brownlee
Manager Electrical Utilities	R.M. McAndrew
Superintendent Parks and Beaches	G. Mitchell
Water & Wastewater Superintendent	G.M. Stevens
Provincial Emergency Co-ordinator	L. Wegleitner
Fire Chief	M. Durban
Superintendent Airport Operations	S. Muir
Chief of Airport Emergency Services	V. Armstrong
Medical Health Officer	William P. Moorehead, M.D.
Manager of Inspection Services	K. Skinner
O I/C R.C.M.P. Kelowna Detachment	Supt. G.O. George

SOLICITOR: Brian R. Henderson, B.A., L.L.B.

CITY AUDITORS: Rutherford Bazett & Co., Chartered Accountants, Kelowna, B.C.

BANKERS Royal Bank of Canada

June 1986

Mayor G.D. Hammill and Members of Council
City of Kelowna
Kelowna, B.C.

In accordance with Section 397 of the Municipal Act, I respectfully submit the balance sheets, statements of revenue and expenditure and other related statements for the City of Kelowna and Kelowna Developments Ltd. (a wholly owned corporation) for the year ended December 31st, 1985.

Some of the highlights of our 1985 operations are as follows:

1985 OPERATING SURPLUS

The 1985 operating surplus was $648,402. The major items which contributed to this surplus are as follows:

1. Increased interest and penalties on unpaid taxes of $51,000.

2. Increased business licence fees of $43,000.

3. Interest costs were lower than budget by $83,000.

4. Policing costs were lower than budget by $283,000.

5. Operating expenditures of a number of departments were below budget.

COMPARATIVE HIGHLIGHTS

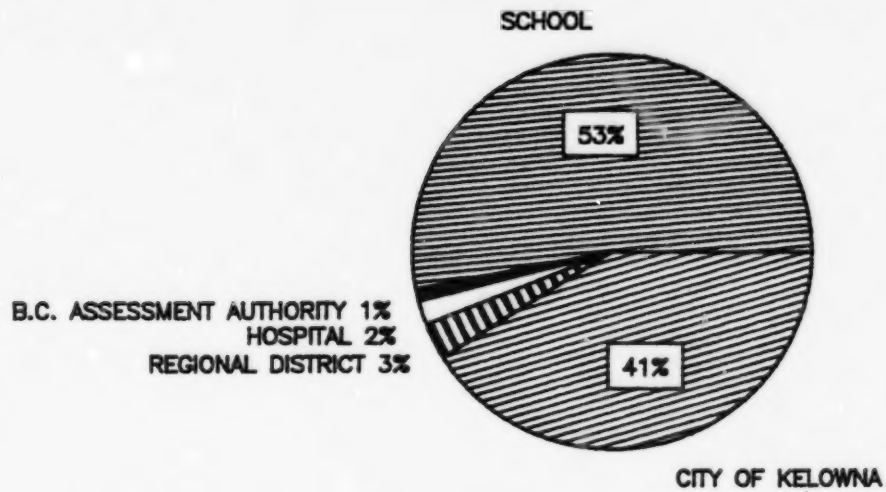
Some of the highlights of the 1985 operation and financial data are as follows:

	1985	1984
Capital expenditures out of revenue (including utilities)	$ 2,587,746	$ 2,983,933
Operating expenditures (including utilities, but excluding school, regional district, hospital and capital expenditures)	42,560,840	39,575,646

Net surplus (deficit) for year (including utilities):

	1985	1984		
General Operating Fund	648,402	1,329,059		
Sewer Operating Fund	14,529	(28,564)		
Water Operating Fund	9,738	(7,138)	672,669	1,293,357
Investment Income used to reduce the demand on the tax rate			689,416	922,070
Electric Utility Earnings used for reduction of taxation			1,250,000	1,250,000
Tax collection (current, arrears & delinquent)			36,671,677	37,566,083
Tax levy (including water and sewer frontage and local improvement charges)			34,701,817	35,616,308
Collection of taxes levied for other governments			19,831,479	21,397,926
Issued debenture debt			38,390,786	35,147,469
Per capita debt			580	544

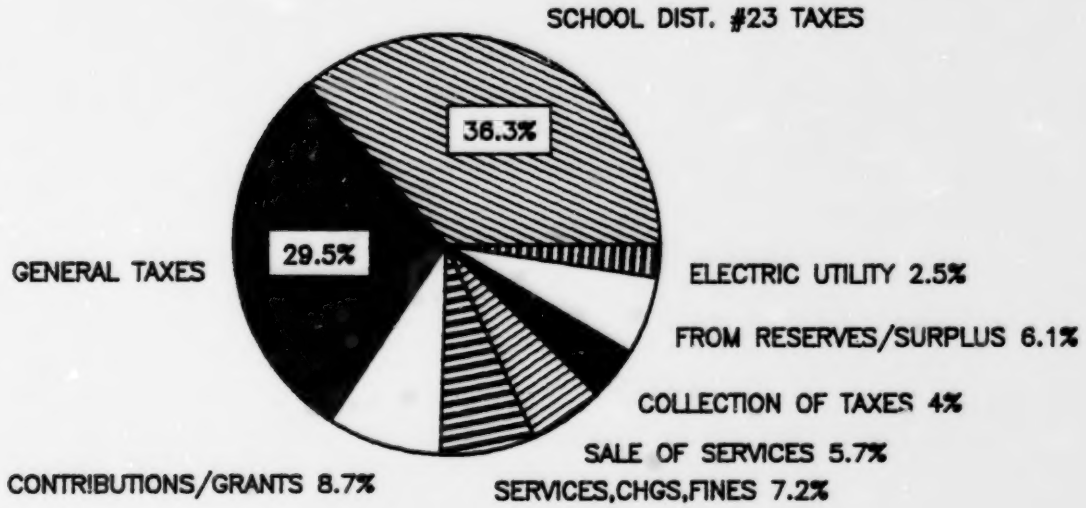
DISTRIBUTION OF THE 1985 TAX DOLLAR



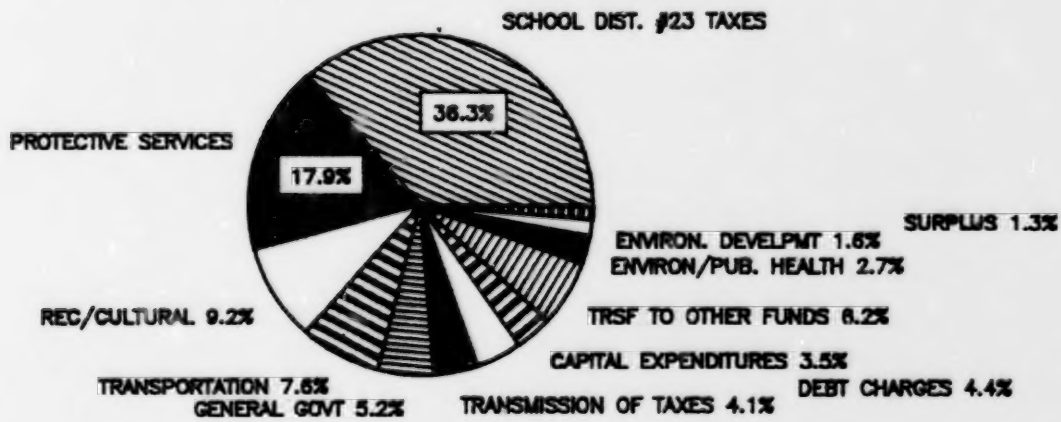
DISTRIBUTION OF THE TAX DOLLAR

The tax dollar distribution chart shows that the City receives the minority share of annual tax revenue. 59¢ of each tax dollar billed is remitted to other public bodies.

SOURCE OF
BUDGETTED 1985 REVENUE DOLLAR



APPLICATION OF
BUDGETTED 1985 EXPENDITURE DOLLAR



CAPITAL IMPROVEMENTS

The 1985 capital program had total expenditures of $9,292,144 in the following categories:

Land	$ 715,375
Buildings	203,371
Engineering Structures	3,029,726
Machinery & Equipment	478,384
Electric Utility	694,116
Water Utility	766,862
Sewer Utility	3,404,310
	$ 9,292,144

Funds to finance the above projects were obtained from the following sources:

From Revenue (Including Developer Contributions)	$ 2,764,544
From Reserves	836,979
Provincial Grants	971,489
Federal Grants	0
	4,573,012
Provincial Loan	675,000
Debenture Borrowing	4,044,132
	$ 9,292,144

Major capital projects included above are:

Land for street purposes	$ 468,375
Jubilee Bowl upgrading	80,280
Memorial Arena upgrading	126,029
Construction of streets, lanes, bridges and storm drains	1,289,491
Automotive equipment replacement	288,689
Local Improvements (sidewalks, curbs and gutters)	404,010
Street lighting and traffic signals	72,784
New electrical duct system	111,401
New underground services	63,894
Convert 4.16 KV to 12.5 KV	180,758
New meters and transformers	124,776
Convert overhead wiring to underground wiring	186,655
Trade Waste Treatment Plant upgrading	129,500
N.E. Sewer Trunk Main	662,537
Specified Area No. 7 Sewer and Water Main	78,510
Rutland Sewer Trunk Main	2,044,033
Modification to lift stations, pumping stations and reservoirs	131,368
Harvey Avenue Water and Sewer Mains upgrading	861,765
Sister City garden construction	75,506

OUTSTANDING DEBT

Long term capital debt at December 31st, 1985 totalled $38,390,786 or $580.02 per capita. The following summary indicates the capital expense category in which debenture debt remains outstanding:

OUTSTANDING DEBT (Cont'd)

Recreation and Cultural Facilities	$ 3,925,300
Fire and Police Protection	863,902
Local Improvements	3,402,933
Sewer Utility: General	11,255,656
Trade Waste Plant	1,026,470
Bardenpho Project	13,295,769
Water Utility	4,620,756

The following summary of Revenue and Expenditure in the General Operating Fund highlights the changes between 1984 and 1985:

REVENUE	1985	1984	Increase (Decrease)
Taxation	$34,701,817	$35,616,308	$ (914,491)
Contributions & Grants	4,284,897	4,330,704	(45,807)
Service Charges, Fines, Misc.	3,548,418	3,750,187	(201,769)
Sales of Service	2,811,482	2,789,374	22,108
Utility Contributions	1,250,000	1,250,000	-
From Reserves & Surplus	3,019,906	1,833,500	1,186,406
	$49,616,520	$49,570,073	$ 46,447
EXPENDITURE			
General Government	$ 2,572,147	$ 2,520,755	$ 51,392
Protection Services	8,781,078	8,443,128	337,950
Transportation Services	3,749,851	3,755,801	(5,950)
Environmental Health	1,171,318	1,084,026	87,292
Public Health & Welfare Services	145,830	144,169	1,661
Environmental Develop. Services	806,310	808,498	(2,188)
Recreation & Cultural Services	4,505,360	4,216,450	288,910
Debt Charges	2,161,723	2,118,737	42,986
Contribution to Other Funds	1,719,253	987,907	731,346
Provision for Future Expenditure	1,824,671	1,057,301	767,370
Transmission of Taxes:			
School	17,840,475	19,092,376	(1,251,901)
Regional District	1,025,679	1,007,763	17,916
Hospital	501,149	828,602	(327,453)
B.C. Assessment Authority	464,176	469,185	(5,009)
Capital Expenditures from Revenue	1,699,098	1,706,316	(7,218)
Total Expenditure	48,968,118	48,241,014	727,104
Surplus for the Year	648,402	1,329,059	(680,657)
	$49,616,520	$49,570,073	$ 46,447

Respectfully submitted,

H.K. Hall, R.I.A.
Director of Finance

CITY OF KELOWNA
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December 31, 1985

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AUDITORS' REPORT

To the Members and Council of
The City of Kelowna

We have examined the balance sheets of the City of Kelowna as at December 31, 1985 and the statements of equity in capital assets, capital financing, surplus and revenue and expenditure for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the City as at December 31, 1985 and the results of its operations for the year then ended in accordance with accounting principles generally accepted for British Columbia municipalities applied on a basis consistent with that of the preceding year.

Rutherford, Bazett & Co.

Chartered Accountants

Kelowna, B.C.
March 26, 1986

CITY OF KELOWNA
General Capital Fund
Balance Sheet
December 31, 1985

ASSETS

	1985 $	1984 $
Fixed (Schedule 1)	64,554,643	62,213,200
Land for sale, at cost	382,340	44,000
Work-in-progress, at cost		
Engineering structures	1,356,636	38,565
	66,293,619	62,295,765

LIABILITIES

Accounts payable	81,858	66,547
Due to General Operating Fund	1,114,048	1,179,387
Long-term debt		
Due to Provincial government	675,000	-
Bank loans secured by borrowing by-laws	424,320	425,000
Purchase agreements and mortgages	1,208,000	1,510,080
Debenture debt (Schedule 2)	8,192,135	8,047,199
	10,499,455	9,982,279
Equity in capital assets (Statement B)	54,598,258	51,067,552
	66,293,619	62,295,765

Contingent Liabilities (Notes 2 and 3)

Treasurer

Statement A

CITY OF KELOWNA
General Capital Fund
Statement of Equity in Capital Assets
Year ended December 31, 1985

	1985 $	1984 $
Balance, beginning of year	51,067,552	47,289,589
Add		
Capital assets acquired out of revenue	1,699,098	1,706,316
Contribution from Capital Works, Machinery and Equipment Reserve Fund	583,879	1,083,496
Contributions from Land Sales Reserve Fund	252,639	79,044
Contribution from Electric Utility Operating Fund	28,354	4,995
Retirement of long-term debt (Schedule 14)	726,321	724,951
Actuarial increase in sinking funds	15,583	11,976
Contribution from insurance proceeds	30,000	-
Contributions from public	38,221	6,779
Contributions from Provincial government	545,291	509,492
Contributions from Federal government	-	8,800
Contributions from developers	44,983	74,398
	55,031,921	51,499,836
Deduct		
Depreciation	429,002	404,302
MFA debt reserve provision	4,661	5,851
Asset disposal at original cost	-	22,131
	433,663	432,284
Balance, end of year	54,598,258	51,067,552

Statement B

CITY OF KELOWNA
General Capital Fund
Statement of Capital Financing
Year ended December 31, 1985

	1985 $	1984 $
Finances acquired		
Long-term debt incurred		
Debentures	466,180	585,138
Short term borrowing	117,900	350,000
Agreement for sale	-	290
Loan from Provincial Government	675,000	-
	1,259,080	935,428
Transfers from General Operating Fund	1,699,098	1,706,316
Transfers from Land Sales Reserve Fund	252,639	79,044
Transfers from Capital Works, Machinery and Equipment Reserve Fund	583,879	1,083,496
Transfers from Electric Utility Operating Fund	28,354	4,995
Grants and contributions	658,495	599,469
Temporary borrowings and payables at end of year	1,195,906	1,245,934
	5,677,451	5,654,682
Finances applied		
Temporary borrowings and payables at beginning of year	1,245,934	1,460,322
Expenditure for capital assets (Schedule 3)	4,426,856	4,188,509
MFA debt reserve provision	4,661	5,851
	5,677,451	5,654,682

Statement C

CITY OF KELOWNA
General Operating Fund
Balance Sheet
December 31, 1985

ASSETS

	1985 $	1984 $
Cash and temporary investments	5,908,258	7,011,267
Accounts receivable		
Taxes	2,536,629	2,957,570
Provincial government	2,152,201	763,615
Federal government	49,368	52,154
Regional and other local governments	26,392	20,503
Trade accounts	477,653	390,583
Kelowna Curling Club (see Contra)	939,917	1,013,177
Local Improvement Levies (see Contra)	2,650,724	2,442,587
Accrued interest	30,789	91,175
Deferred accounts	8,180	7,396
	8,871,853	7,738,760
Due from Other Funds		
General Capital Fund	1,114,048	1,179,387
Airport Operating Fund	16,426	313,093
Electric Utility Operating Fund	267,486	-
Sewer Utility Operating Fund	1,172,740	32,370
Water Utility Operating Fund	1,187,098	-
Water Utility Capital Fund	169,851	-
	3,927,649	1,524,850
Inventory	208,533	169,072
Investment, Kelowna Developments Ltd., a wholly owned subsidiary - 499,001 shares (Note 4)	2	2
Property acquired for taxes Subject to redemption	51,306	96,270
Other assets		
Municipal Finance Authority debt reserve deposit	644,704	592,390
Prepaid expenses and deposits	284,577	224,670
	929,281	817,060
	19,896,882	17,357,281

Statement D

LIABILITIES

	1985 $	1984 $
Accounts payable		
Provincial government	712,525	603,862
Federal government	2,375,434	828,530
Regional and other local governments	127,312	116,849
Debentures and interest coupons due	5,886	4,831
Trade accounts	2,857,329	3,365,611
	6,078,486	4,919,683
Due to Other Funds		
Electric Utility Operating Fund	-	491,281
Sewer Utility Capital Fund	1,479,271	475,520
Water Utility Capital Fund	-	216,147
Water Utility Operating Fund	-	705,680
Reserve Funds	2,029,140	474,948
Trust and Agency Funds	2,728	9,793
	3,511,139	2,373,369
Other liabilities		
Performance deposits	317,836	379,030
Deferred revenue		
Kelowna Curling Club (see Contra)	939,917	1,013,177
Local Improvement Levies (see Contra)	2,650,724	2,442,587
Other	507,601	482,429
Municipal Finance Authority debt reserve		
Cash deposits	179,851	155,915
Demand notes	464,853	436,475
Other	322	-
	5,061,104	4,909,613
Reserves		
Future expenditure	3,589,377	2,300,532
Foreign exchange loss	205,678	219,388
Working capital	704,000	604,000
	4,499,055	3,123,920
Surplus (Statement E)	747,098	2,030,696
	19,896,882	17,357,281

Treasurer

CITY OF KELOWNA
General Operating Fund
Statement of Surplus
Year ended December 31, 1985

	1985 $	1984 $
Balance, beginning of year	2,030,696	1,609,192
Appropriation to current revenue	(1,932,000)	(907,555)
Surplus for year (Statement F)	648,402	1,329,059
Balance, end of year	747,098	2,030,696

Statement E

CITY OF KELOWNA
General Operating Fund
Statement of Revenue and Expenditure
Year ended December 31, 1985

REVENUE

	1985 $	1984 $
Taxation		
Real property	14,155,063	13,559,916
Local improvement levies	231,662	190,346
	14,386,725	13,750,262
Grants in lieu of taxes		
Provincial government	55,193	61,859
Federal government	34,620	33,885
	89,813	95,744
Services provided to other governments	416,374	374,536
Sale of services (Schedule 4)	2,395,108	2,414,838
Other revenue from own sources (Schedule 5)	3,548,418	3,750,187
Transfers from Provincial Government		
Unconditional	2,354,479	2,414,931
Conditional	1,783,690	1,747,076
	4,138,169	4,162,007
Transfers from Federal Government		
Conditional	56,915	72,953
Appropriations from Surplus and Reserves		
Previous year's surplus	1,932,000	907,555
Reserve for future expenditure	435,826	523,783
Other reserves	13,710	13,710
	2,381,536	1,445,048
Transfers from other funds (Schedule 6)	1,888,370	1,638,452
Tax collections for other governments (Schedule 7)	19,831,479	21,397,926
	49,132,907	49,101,953

Continued

EXPENDITURE

	1985 $	1984 $
General government services (Schedule 8)	2,572,147	2,520,755
Protective services (Schedule 9)	8,781,078	8,443,128
Transportation services (Schedule 10)	3,749,851	3,755,801
Environmental health services		
Garbage and waste disposal	1,171,318	1,084,026
Public health and welfare services (Schedule 11)	145,830	144,169
Environmental development services (Schedule 12)	806,310	808,498
Recreational and cultural services (Schedule 13)	4,505,360	4,216,450
Debt charges (Schedule 14)	2,161,723	2,118,737
Transfers to other funds		
General Capital Fund	1,699,098	1,706,316
Sewer Utility Operating Fund	4,495	4,403
Capital Works, Machinery and Equipment Reserve Fund	811,210	495,741
Land Sales Reserve Fund	400,000	-
Cemetery Maintenance Trust Fund	19,935	19,643
Appropriation to reserves		
Reserve for future expenditure	1,724,671	1,057,301
Reserve for working capital	100,000	-
Transmission of taxes levied for other governments (Schedule 7)	19,831,479	21,397,926
	48,484,505	47,772,894
Surplus for year	648,402	1,329,059
	49,132,907	49,101,953

CITY OF KELOWNA
Airport Capital Fund
Balance Sheet
December 31, 1985

ASSETS

	1985 $	1984 $
Fixed (Schedule 1)	467,340	503,622

LIABILITIES

Equity in Capital Assets		
Balance, beginning of year	503,622	540,068
Depreciation	(36,282)	(36,446)
Balance, end of year	467,340	503,622

Treasurer

Statement G

CITY OF KELOWNA
Airport Operating Fund
Balance Sheet
December 31, 1985

ASSETS

	1985 $	1984 $
Cash and temporary investments	43,250	51,628
Due from Federal government	-	267,802
Accounts receivable	171,387	158,788
Prepaid expenses	2,333	1,536
	216,970	479,754

LIABILITIES

Due to Federal government	47,227	-
Accounts payable	103,295	106,343
Due to General Operating Fund	16,426	313,093
Other liabilities		
Performance deposits	44,000	52,371
Deferred revenue	6,022	7,947
	216,970	479,754

Treasurer

Statement H

CITY OF KELOWNA
Airport Operating Fund
Statement of Revenue and Expenditure
Year ended December 31, 1985

REVENUE

	1985 $	1984 $
Rentals and fees	1,208,675	967,656
Conditional transfer from Federal government operating subsidy	388,759	627,672
	1,597,434	1,595,328

EXPENDITURE

Administration	520,457	527,376
Maintenance and operation	597,301	660,326
Emergency services	479,676	407,626
	1,597,434	1,595,328

Statement I

CITY OF KELOWNA
Electric Utility Capital Fund
Balance Sheet
December 31, 1985

ASSETS

	1985 $	1984 $
Fixed (Schedule 1)	10,126,460	9,512,982

LIABILITIES

Equity in Capital Assets		
Balance, beginning of year	9,512,982	8,466,320
Capital assets acquired out of revenue	644,260	1,022,107
Contributions from Provincial government	-	42,287
Contributions from developers	49,856	21,857
Depreciation	(80,638)	(39,589)
Balance, end of year	10,126,460	9,512,982

Treasurer

Statement J

CITY OF KELOWNA
Electric Utility Capital Fund
Statement of Capital Financing
Year ended December 31, 1985

Finances acquired		
Transfer from Electric Utility Operating Fund	644,260	1,022,107
Contributions from Provincial government	-	42,287
Contributions from Developers	49,856	21,857
	694,116	1,086,251
Finances applied		
Expenditure for capital assets	694,116	1,086,251

Statement K

CITY OF KELOWNA
Electric Utility Operating Fund
Balance Sheet
December 31, 1985

ASSETS

	1985 $	1984 $
Accounts receivable	587,377	465,628
Due from General Operating Fund	-	491,281
Inventory	564,325	429,005
Deposits	4,824	10,474
	1,156,526	1,396,388

LIABILITIES

Accounts payable	112,910	755,428
Due to General Operating Fund	267,486	-
Customers' deposits	121,889	117,051
Reserve for future expenditures	654,241	523,909
	1,156,526	1,396,388
Surplus		
Balance, beginning of year	-	188,397
Surplus for year (Statement M)	1,250,000	1,250,000
Transferred to revenue	-	(188,397)
Transferred to General Operating Fund	(1,250,000)	(1,250,000)
Balance, end of year	-	-
	1,156,526	1,396,388

Treasurer

Statement L

CITY OF KELOWNA
Electric Utility Operating Fund
Statement of Revenue and Expenditure
Year ended December 31, 1985

REVENUE

	1985 $	1984 $
Sale of Electrical Energy		
General	7,222,831	6,921,582
To own municipality	411,225	389,383
	7,634,056	7,310,965
Connection and service charges	49,085	48,898
Other revenue	17,545	17,503
Appropriation from surplus	-	188,397
Appropriation from reserve for future expenditure	11,239	356,337
	7,711,925	7,922,100

EXPENDITURE

Purchase of electrical energy	4,832,935	4,550,897
Administration	519,468	560,972
Maintenance and operation	295,337	158,443
Transfer to Electric Utility Capital Fund	644,260	1,022,107
Transfer to General Capital Fund	28,354	4,995
Appropriation to reserve for future expenditure	141,571	374,686
	6,461,925	6,672,100
Surplus for year	1,250,000	1,250,000
	7,711,925	7,922,100

Statement M

CITY OF KELOWNA
Sewer Utility Capital Fund
Balance Sheet
December 31, 1985

ASSETS

	1985 $	1984 $
Fixed (Schedule 1)	27,757,903	24,730,659
Work-in-progress, at cost	3,896,977	3,577,935
Due from General Operating Fund	1,479,271	475,520
Due from Sewer Utility Operating Fund	136,207	139,707
	33,270,358	28,923,821

LIABILITIES

Accounts payable	218,303	372,791
Debenture debt (Schedule 2)	25,577,895	22,220,483
Equity in capital assets (Statement O)	7,474,160	6,330,547
	33,270,358	28,923,821

Contingent liabilities (Notes 2 and 3)

Treasurer

Statement N

CITY OF KELOWNA
Sewer Utility Capital Fund
Statement of Equity in Capital Assets
Year ended December 31, 1985

	1985 $	1984 $
Balance, beginning of year	6,330,547	5,420,340
Capital assets acquired out of revenue	85,554	173,628
Contributions from Provincial government	216,495	59,965
Contributions from developers	-	1,800
Retirement of debenture debt	855,887	720,616
Actuarial increase in sinking funds	86,701	57,693
M.F.A. debt reserve provision	(43,000)	(34,637)
Depreciation	(58,024)	(68,858)
Balance, end of year	7,474,160	6,330,547

Statement O

CITY OF KELOWNA
Sewer Utility Capital Fund
Statement of Capital Financing
Year ended December 31, 1985

Finances acquired		
Unexpended funds at beginning of year	615,227	147,207
Debenture debt incurred	4,300,000	3,463,700
Contributions from Provincial government	216,495	59,965
Contributions from Developers	-	1,800
Transfer from Sewer Utility Operating Fund	85,554	173,628
Temporary borrowings at end of year	218,303	372,791
	5,435,579	4,219,091
Finances applied		
Temporary borrowings at beginning of year	372,791	843,195
Expenditure for capital assets	3,404,310	2,726,032
M.F.A. debt reserve provision	43,000	34,637
	3,820,101	3,603,864
Unexpended funds at end of year	1,615,478	615,227
	5,435,579	4,219,091

Statement P

CITY OF KELOWNA
Sewer Utility Operating Fund
Balance Sheet
December 31, 1985

ASSETS

	1985 $	1984 $
Cash and temporary investments	2,973,660	2,000,000
Accounts receivable		
Provincial government	1,397,267	1,267,488
Okanagan Basin Water Board	335,344	305,869
Trade	169,074	154,692
Accrued interest	10,539	16,718
Inventory	81,389	73,521
Other assets		
Trade Waste Plant costs recoverable (Note 5)	1,545,032	1,442,226
Trade Waste Plant capacity for sale (Note 5)	756,028	665,576
Municipal Finance Authority debt reserve deposit	2,522,075	2,163,977
Deferred accounts receivable	32,415	32,669
Prepaid expenses and deposits	7,905	11,000
	9,830,728	8,133,736

LIABILITIES

Accounts payable	145,667	320,612
Due to General Operating Fund	1,172,740	32,370
Due to Sewer Utility Capital Fund	136,207	139,707
Other liabilities		
Deferred revenue		
Trade Waste Plant (Note 5)	2,301,060	2,107,802
Other	3,584	2,834
Municipal Finance Authority debt reserve		
Cash deposits	672,353	591,527
Demand notes	1,849,722	1,572,450
	6,281,333	4,767,302
Reserves		
Future expenditure	2,667,537	2,494,945
Foreign exchange loss	66,528	70,688
	2,734,065	2,565,633
Surplus		
Balance, beginning of year	800,801	829,365
Surplus (Deficit) for year (Statement R)	14,529	(28,564)
Balance, end of year	815,330	800,801
	9,830,728	8,133,736

Treasurer

Statement Q

CITY OF KELOWNA
Sewer Utility Operating Fund
Statement of Revenue and Expenditure
Year ended December 31, 1985

REVENUE

	1985 $	1984 $
Rental and connection fees	1,348,379	1,194,733
Frontage tax	381,973	374,960
Development and improvement charges	140,225	154,170
Interest earned on investments	264,511	340,054
Trade Waste Plant recoveries	234,428	236,326
Debenture debt charge recoveries		
Trade Waste Plant	177,386	79,565
Specified sewer areas	196,145	154,185
Developer contributions	12,647	-
Conditional transfer from Provincial Government		
Sewerage Facilities Assistance Grant	2,724,996	2,432,299
Conditional transfer from Okanagan Basin Water Board	653,999	583,753
Transfer from General Operating Fund	4,495	4,403
Appropriation from reserves	270,700	377,255
	6,409,884	5,931,703

EXPENDITURE

Administration	519,383	510,923
Collection systems	180,781	163,787
Lift stations	54,527	70,862
Treatment and disposal	964,651	917,639
Debenture debt charges		
Principal	855,887	720,616
Interest	3,172,490	2,843,829
Foreign exchange losses	122,950	64,759
Transfer to Sewer Utility Capital Fund	85,554	173,628
Appropriation to reserves	439,132	494,224
	6,395,355	5,960,267
Surplus (Deficit) for year	14,529	(28,564)
	6,409,884	5,931,703

Statement R

CITY OF KELOWNA
Water Utility Capital Fund
Balance Sheet
December 31, 1985

ASSETS

	1985 $	1984 $
Fixed (Schedule 1)	10,368,709	9,970,432
Work-in-progress, at cost	511,904	155,226
Due from General Operating Fund	-	216,147
	10,880,613	10,341,805

LIABILITIES

Accounts payable	26,482	-
Due to General Operating Fund	169,851	-
Debenture debt (Schedule 2)	4,620,756	4,879,787
Unexpended by-law funds	67,813	127,550
Equity in capital assets (Statement T)	5,995,711	5,334,468
	10,880,613	10,341,805

Contingent liabilities (Note 2)

Treasurer

Statement S

CITY OF KELOWNA
Water Utility Capital Fund
Statement of Equity in Capital Assets
Year ended December 31, 1985

	1985 $	1984 $
Balance, beginning of year	5,334,468	4,849,679
Capital assets acquired out of revenue	130,480	76,887
Retirement of debenture debt	244,002	226,985
From unexpended by-law funds	68,475	61,611
Actuarial increase in sinking funds	15,029	11,274
Contribution from Land Sales Reserve Fund	461	1,500
Contributions from developers	5,000	19,221
Contribution from Provincial government	209,703	101,803
M.F.A. debt reserve provision	-	(1,200)
Depreciation	(11,907)	(13,292)
Balance, end of year	5,995,711	5,334,468

Statement T

CITY OF KELOWNA
Water Utility Capital Fund
Statement of Capital Financing
Year ended December 31, 1985

Finances acquired		
Unexpended funds at beginning of year	216,147	312,689
Debenture debt incurred	-	120,000
Transfer from Water Utility Operating Fund	130,480	76,887
Return on investments	8,738	15,076
Contribution from Land Sales Reserve Fund	461	1,500
Contribution from Provincial government	209,703	101,803
Contributions from developers	5,000	19,221
Temporary borrowings at end of year	196,333	-
	766,862	647,176
Finances applied		
Expenditure for capital assets	766,862	429,829
M.F.A. debt reserve provision	-	1,200
	766,862	431,029
Unexpended funds at end of year	-	216,147
	766,862	647,176

Statement U

CITY OF KELOWNA
Water Utility Operating Fund
Balance Sheet
December 31, 1985

ASSETS

	1985 $	1984 $
Cash and temporary investments	2,972,910	1,000,000
Accounts receivable		
Provincial government	214,605	213,974
Trade	64,057	51,704
Accrued interest	10,536	8,211
Deferred	29,346	24,378
Due from General Operating Fund	-	705,680
Inventory	113,841	107,761
Other assets		
Municipal Finance Authority debt reserve deposit	423,537	411,533
Prepaid expenses and deposits	7,556	5,518
	3,836,388	2,528,759

LIABILITIES

Due to General Operating Fund	1,187,098	-
Accounts payable	11,285	32,302
Other liabilities		
Customers' deposits	13,543	13,006
Deferred revenue	74,713	78,402
Municipal Finance Authority debt reserve		
Cash deposits	106,537	94,533
Demand notes	317,000	317,000
Reserve for future expenditure	1,746,692	1,623,734
	3,456,868	2,158,977
Surplus		
Balance, beginning of year	369,782	376,920
Surplus (Deficit) for year (Statement W)	9,738	(7,138)
Balance, end of year	379,520	369,782
	3,836,388	2,528,759

Treasurer

Statement V

CITY OF KELOWNA
Water Utility Operating Fund
Statement of Revenue and Expenditure
Year ended December 31, 1985

REVENUE

	1985 $	1984 $
Sale of water		
General	924,121	872,752
To own municipality	57,595	57,603
	981,716	930,355
Connection and service charges	36,933	36,300
Frontage tax	101,640	93,160
Development and improvement charges	127,635	140,135
Interest on investments	130,498	149,794
Debenture debt charge recoveries, specified areas	181,319	178,996
Other revenue	2,873	4,653
Conditional transfer from Provincial Government		
Water Facilities Assistance Grant	342,802	339,718
Appropriation from reserve for future expenditure	145,176	76,667
	2,050,592	1,949,778

EXPENDITURE

Administration	248,755	261,700
Service supply	14,177	9,436
Transmission and distribution	182,067	192,424
Pumping	337,863	277,586
Debenture debt charges		
Principal	244,002	226,985
Interest	615,377	621,969
Transfer to Water Utility Capital Fund	130,480	76,887
Appropriation to reserve for future expenditure	268,133	289,929
	2,040,854	1,956,916
Surplus (Deficit) for year	9,738	(7,138)
	2,050,592	1,949,778

Statement W

CITY OF KELOWNA
Reserve Funds
Balance Sheet
December 31, 1985

ASSETS

	Capital Works, Machinery and Equipment $	Land Sales $	1985 Total $	1984 Total $
Cash and temporary investments	4,935,150	-	4,935,150	6,001,784
Accrued interest receivable	56,593	2,382	58,975	15,773
Due from General Operating Fund	1,476,281	552,859	2,029,140	474,948
Due from Provincial government	-	-	-	8,221
Accounts receivable	-	91,775	91,775	-
	6,468,024	647,016	7,115,040	6,500,726

LIABILITIES AND FUND BALANCES

Fund balances				
Balance, beginning of year	6,033,512	467,214	6,500,726	6,732,279
Contributions from General Operating Fund	811,210	400,000	1,211,210	495,741
Interest on investments	461,686	37,589	499,275	601,389
Proceeds from land sales	-	127,882	127,882	203,221
Dividend from Kelowna Developments Ltd.	-	227,277	227,277	-
Transfer to General Operating Fund	(254,505)	(359,846)	(614,351)	(367,864)
Transfer to General Capital Fund	(583,879)	(252,639)	(836,518)	(1,162,540)
Transfer to Water Utility Capital Fund	-	(461)	(461)	(1,500)
	6,468,024	647,016	7,115,040	6,500,726

Treasurer

Statement X

CITY OF KELOWNA
Trust and Agency Funds
Balance Sheet
December 31, 1985

ASSETS

	Education Fund	Cemetery Maintenance Fund	1985 Total	1984 Total
	$	$	$	$
Investments, at cost	3,811	284,000	287,811	260,486
Due from General Operating Fund	-	2,728	2,728	9,793
	3,811	286,728	290,539	270,279

FUND BALANCES

Balance, beginning of year	3,486	266,793	270,279	250,380
Interest on investments	325	24,019	24,344	20,844
Transfer from General Operating Fund	-	19,935	19,935	19,643
Transfer to General Operating Fund	-	(24,019)	(24,019)	(20,588)
Balance, end of year	3,811	286,728	290,539	270,279

Treasurer

Statement Y

CITY OF KELOWNA
Notes to Financial Statements
Year ended December 31, 1985

1. Significant accounting policies

Inventory

Inventory is valued at the lower of cost, determined principally on a weighted average and specific item basis, or replacement cost.

Depreciation

Depreciation of fixed assets is calculated using the straight line basis in the Airport Capital Fund and using the declining balance method at the annual rate of 20% of the opening balance on machinery and equipment for other capital funds.

Fixed assets

All land, buildings and engineering structures are valued at cost except in the Airport Capital Fund, where buildings and engineering structures are valued at their depreciated value.

Since the early 1970's all Airport capital additions have been the responsibility of the Federal government Ministry of Transport and therefore are not reflected in these financial statements.

All machinery and equipment is valued at its depreciated value.

2. Contingent liability

Regional District of Central Okanagan

Regional District debt is, under the provisions of the Municipal Act, a direct, joint and several liability of the District and each member municipality within the District including the City of Kelowna.

The loan agreements with the Regional District of Central Okanagan and the Municipal Finance Authority provide that if at any time the scheduled payments provided for in the agreements are not sufficient to meet the Authority's obligation with respect to such borrowing, the resulting deficiency becomes a liability of the member municipalities.

3. Contingent liability

Due to fluctuating foreign exchange rates, debt obligations payable in foreign currencies, as noted on Schedule 2, exceed the recorded debt by approximately $2,120,000 at December 31, 1985. Because foreign exchange rates fluctuate regularly and because these obligations are payable over a number of years, any actual increased cost to the City will be recognized in the accounts as payments are made.

4. Investment

The investment in Kelowna Developments Ltd. is carried at cost. During 1985, the company disposed of its one remaining property to the City at cost and declared a dividend to the City of its total retained earnings.

5. Trade Waste Plant

The Trade Waste Plant was originally constructed during 1973, while a major capital upgrading of the plant was carried out during 1984 and 1985. The participating industries utilize 75.53 percent of the plant's capacity and assume a corresponding precentage of the related debt charges. The City is carrying the excess plant capacity as an asset on the financial statements at its share of these debt charges. The remaining capacity is available for sale to either the presently participating or other industries.

CITY OF KELOWNA
Schedule of Fixed Assets
December 31, 1985

	Land $	Buildings $	Engineering Structures $	Machinery and Equipment $	1985 Total $	1984 Total $
General						
General Government Services	491,377	4,712,737	13,105	250,115	5,467,334	5,445,867
Protective Services	596,880	2,973,978	1,768,753	326,990	5,666,601	5,697,481
Transportation Services	4,525,639	1,714,815	22,678,064	1,172,920	30,091,438	28,043,620
Environmental Health Services	8,114	-	32,865	11,828	52,807	55,765
Public Health and Welfare	10,001	266,079	133,883	3,428	413,391	414,248
Environmental Development	-	-	3,926	7,356	11,282	11,992
Recreation and Cultural Services	2,251,832	10,268,892	5,008,913	410,529	17,940,166	17,514,252
Other	4,670,827	223,895	5,676	11,226	4,911,624	5,029,975
	12,554,670	20,160,396	29,645,185	2,194,392	64,554,643	62,213,200
Airport	135,332	331,033	621	354	467,340	503,622
Electric Utility	43,600	62,522	9,698,329	322,009	10,126,460	9,512,982
Sewer Utility	14,449	402,651	27,068,997	271,806	27,757,903	24,730,659
Water Utility	44,829	58,896	10,217,030	47,954	10,368,709	9,970,432
	12,792,880	21,015,498	76,630,162	2,836,515	113,275,055	106,930,895

Schedule 1

CITY OF KELOWNA
Schedule of Debenture Debt
December 31, 1985

By-Law No.	Date of Issue	Purpose	Amount of Issue $	Interest Rate	Year of Maturity	Balance 31/12/85 $	Balance 31/12/84 $
General Capital							
10	Jan. 1, 1973	Rutland Fire Protection District	19,319	5.00	1985	-	1,960
12	Jan. 1, 1973	Rutland Fire Protection District	11,306	5.00	1985	-	1,147
3503	July 1, 1972	Kelowna Senior Citizens Activity Centre	850,000	6.51	1992	423,279	469,893
3478	June 30, 1975	Local Improvements	174,424	9.25	1995	108,074	116,258
3478	Sept. 2, 1975	Local Improvements	86,205	10.65	1995	53,413	57,458
*3478	Nov. 1, 1975	Local Improvements	18,980	9.885	1995	13,659	14,443
*3854	Nov. 1, 1975	Main Firehall	788,401	9.885	1995	567,359	599,935
*3854	Nov. 1, 1976	Main Firehall	25,795	8.96	1996	19,172	20,182
*3931	Nov. 1, 1975	Rutland Senior Citizens Activity Centre	251,718	9.885	1995	181,145	191,546
*3931	May 1, 1976	Rutland Senior Citizens Activity Centre	8,236	8.96	1996	6,121	6,444
4180	July 1, 1976	Rutland Arena	850,000	9.05	1996	634,437	667,477
4157	June 1, 1977	Museum Expansion	130,000	9.875	1997	92,457	97,989
4157	June 1, 1977	Main Firehall	390,000	9.875	1997	277,371	293,967
*4479	June 1, 1978	Local Improvements	66,523	9.25/9.375	1988	26,238	33,582
*4480	June 1, 1978	Local Improvements	877,382	9.25/9.375	1998	722,979	751,306
*4492	June 1, 1978	Curling Rink	747,033	9.25/9.375	1998	615,569	639,687
*4903	Dec. 1, 1980	Athans Pool	2,130,029	13.80	2000	1,972,292	2,012,472
5078	April 29, 1981	Local Improvements	653,600	13.675	2001	568,404	591,286
5395	Oct. 27, 1982	Local Improvements	554,400	12.50	2002	501,544	520,029
5410	May 5, 1983	Downtown revitalization	375,000	Various	1995	375,000	375,000
5613	May 15, 1984	Local Improvements	585,138	11.625	2004	567,442	585,138
5882	Dec. 12, 1985	Local Improvements	466,180	11.15	2005	466,180	-
						8,192,135	8,047,199
Water Capital							
2731	July 15, 1965	Water Works Improvements 1964	105,000	5.50	1985	-	8,000
2880	Aug. 15, 1966	Water Works Improvements 1965	1,300,000	6.00	1986	107,000	208,000
4389	Dec. 1, 1977	South Pandosy Specified Area	518,270	9.44	1997	368,598	390,653
4651	Dec. 6, 1979	Springfield Road Specified Area	1,100,000	12.25	1999	979,108	1,005,499
4707	Dec. 6, 1979	Ethel Street Trunk	1,100,000	12.25	1999	979,108	1,005,499
4803	Dec. 6, 1979	Rio Terrace Specified Area	376,000	12.25	1999	334,677	343,698
4875	June 2, 1980	Poplar Point Pump Station #2	800,000	11.375	2000	666,312	695,721
4925	April 29, 1981	Water Works Renewals	88,000	13.675	2001	76,529	79,610
5076	April 29, 1981	Poplar Point Pump Station #2	500,000	13.675	2001	434,826	452,330
5307	June 30, 1982	June Springs Road Specified Area	203,526	15.125	2002	184,122	190,908
5445	June 15, 1983	Waterfront development	385,000	12.35	2003	374,105	379,869
5881	May 15, 1984	North Mission - Guisachan Specified Area	120,000	11.625	2004	116,371	120,000
						4,620,756	4,879,787

Sewer Capital								
2732	July 15, 1965	Sewer Improvements 1965	242,000	5.50	1985	-	19,000
2873	Aug. 15, 1966	Sewer Improvements 1966	185,000	6.00	1986	15,000	29,000
*3290	Oct. 1, 1971	Kelowna Pollution Control Centre	1,006,362	8.375	1991	481,641	541,675
3290	Dec. 1, 1971	Kelowna Pollution Control Centre	63,340	7.75	1991	29,540	33,296
3366	Dec. 1, 1970	Sewer Improvements 1970	873,025	6.875	1990	337,769	392,672
3479	Nov. 15, 1972	Trade Waste Plant	203,097	7.50	1992	94,301	105,331
**3479	June 1, 1973	Trade Waste Plant	51,903	7.75/8.125	1993	30,454	33,078
3672	Dec. 1, 1973	Trade Waste Plant	368,213	7.625	1993	213,707	232,505
4301	Dec. 1, 1977	Glenmore Specified Area	385,000	9.44	1997	273,815	290,199
4600	Nov. 15, 1978	South Pandosy Specified Area	966,000	9.375/10.00	1998	728,136	767,286
4651	Dec. 6, 1979	Springfield Road Specified Area	1,100,000	12.25	1999	979,108	1,005,499
5075	April 29, 1981	Sewer renewals	113,000	13.675	2001	98,271	102,226
5077	April 29, 1981	Bardenpho Sewage Treatment Conversion	12,700,000	13.675	2001	11,044,563	11,489,185
*5220	Oct. 28, 1981	Rutland Pollution Control Centre	509,517	17.00	2001	443,102	460,940
5444	June 15, 1983	Waterfront development	940,000	12.35	2003	913,400	927,473
5551	Nov. 22, 1983	Bardenpho Sewage Treatment Conversion	2,400,000	11.25	2003	2,251,206	2,327,418
5582	May 15, 1984	North Mission - Gulsachan Specified Area	770,000	11.625	2004	746,713	770,000
5583	May 15, 1984	North End Trunk Main	1,968,700	11.625	2004	1,909,161	1,968,700
5592	May 15, 1984	Trade Waste Treatment Plant Upgrading	725,000	11.625	2004	688,008	725,000
5726	June 12, 1985	Richter Street Main Upgrading	200,000	12.50	2005	200,000	-
5780	June 12, 1985	Rutland Trunk Main	2,100,000	12.50	2005	2,100,000	-
5897	Dec. 12, 1985	Rutland Specified Area	2,000,000	11.15	2005	2,000,000	-
						25,577,895	22,220,483

The amount of principal and interest due in 1986 is $1,572,229 and $4,998,006 respectively.

*These debentures are shown and are payable in U.S. dollars (Note 3)

**This debenture is shown in Canadian dollars, but is payable in Swiss Francs (Note 3)

Schedule 2

CITY OF KELOWNA
General Capital Fund
Expenditure for Capital Assets
Year ended December 31, 1985

	1985					
	Land $	Buildings $	Engineering Structures $	Machinery and Equipment $	1985 Total $	1984 Total $
General Government						
Civic offices	-	-	-	67,197	67,197	55,585
Protective Services						
Police Protection	-	-	-	2,903	2,903	68,240
Fire Protection	-	-	20,551	21,351	41,902	55,275
Transportation						
Nodes and Medians	-	-	303,241	-	303,241	4,331
Common Services	-	-	29,350	299,581	328,931	471,460
Street and Traffic Lights	-	-	222,978	-	222,978	81,554
Off Street Parking	-	-	1,742	-	1,742	739,934
Roads and Streets	468,375	-	456,725	4,747	929,847	943,136
Bicycle Paths and Fences	-	-	30,246	-	30,246	7,579
Drainage	-	-	945,131	-	945,131	366,026
Sidewalks, Curbs and Gutters	-	-	700,734	117	700,851	426,289
Bridges	-	-	50,185	-	50,185	41,431
Public Transit	-	34,588	-	8,850	43,438	-
Public Health and Welfare	-	-	-	-	-	3,253
Environmental Development	-	-	-	903	903	1,296
Recreation and Cultural						
Parks and Playgrounds	-	-	229,210	13,947	243,157	15,655
Buildings	-	168,783	8,780	47,664	225,227	132,205
General Services	-	-	30,853	11,124	41,977	686,344
Other	247,000	-	-	-	247,000	88,916
	715,375	203,371	3,029,726	478,384	4,426,856	4,188,509

Schedule 3

CITY OF KELOWNA
General Operating Fund
Sales of Services
Year ended December 31, 1985

	1985 $	1984 $
General Government Services	109,723	145,010
Protective Services	87,977	67,844
Transportation Services	848,464	888,253
Recreation and Cultural Services	507,320	504,204
Environmental Health Services	768,132	757,790
Environmental Development Services	73,492	51,737
	2,395,108	2,414,838

Schedule 4

Other Revenue from Own Sources
Year ended December 31, 1985

Business licences	443,260	370,049
Commercial vehicle licences	26,316	19,104
Building permits	255,646	257,633
Other licences and permits	44,543	50,136
Fines	107,048	114,359
General rents	597,180	604,077
Off-street parking	170,925	155,725
Inland Natural Gas franchise	359,560	302,787
Return on investments	689,416	922,070
Penalties and interest on taxes	516,338	575,368
Penalties on utilities	111,695	107,577
Cemetery collections	125,650	100,008
Developer contributions	71,594	88,785
Public donations	-	26,885
Miscellaneous	29,247	55,624
	3,548,418	3,750,187

Schedule 5

CITY OF KELOWNA
General Operating Fund
Transfers from Other Funds
Year ended December 31, 1985

	1985 $	1984 $
Electric Utility Operating Fund	1,250,000	1,250,000
Capital Works, Machinery and Equipment Reserve Fund	254,505	15,881
Land Sales Reserve Fund	359,846	351,983
Cemetery Maintenance Fund	24,019	20,588
	1,888,370	1,638,452

Schedule 6

Collection and Transmission of
Taxes for Other Governments
Year ended December 31, 1985

Provincial Government - School Taxes	8,884,820	10,002,904
School District #23	8,955,655	9,089,472
Regional Hospital District	501,149	828,602
Regional District of Central Okanagan	1,025,679	1,007,763
British Columbia Assessment Authority	464,176	469,185
	19,831,479	21,397,926

Schedule 7

CITY OF KELOWNA
General Operating Fund
General Government Services
Year ended December 31, 1985

	1985 $	1984 $
Executive and Legislative	207,774	203,360
Administration		
Buildings	284,522	269,691
General	1,951,036	1,845,885
Other General Government		
Community Service Grants	77,093	145,780
Rental Property Operating Costs	51,722	56,039
	2,572,147	2,520,755

Schedule 8

Protective Services
Year ended December 31, 1985

Police Protection		
Administration	367,214	365,338
Crime investigation and prevention	2,903,877	2,696,430
Traffic	361,084	370,996
Building repairs and maintenance	63,098	64,981
Prisoner custody	305,286	303,606
Court liaison	35,292	32,528
	4,035,851	3,833,879
Law Enforcement		
Special traffic officers	277,719	264,801
Fire Protection		
Administration	160,913	166,739
Fire fighting force	3,064,926	3,010,248
Fire investigation and prevention	214,350	199,679
Water supply and hydrants	45,500	45,500
Fire stations, buildings and sites	110,694	101,868
Fire fighting equipment	84,963	86,520
Ambulance	192,056	148,839
	3,873,402	3,759,393
Provincial Emergency Program	13,726	12,558
Protective Inspections		
Building	449,249	429,661
Other	65,034	73,776
	514,283	503,437
Animal and Pest Control	66,097	69,060
	8,781,078	8,443,128

Schedule 9

CITY OF KELOWNA
General Operating Fund
Transportation Services
Year ended December 31, 1985

	1985 $	1984 $
Common services - workshops, yards and other buildings	312,788	303,243
- other	234,825	242,435
Engineering	506,579	485,323
Roads and streets	711,831	708,556
Drainage and storm sewers	65,802	67,206
Bridge maintenance	20,980	37,223
Street lighting	477,132	396,228
Traffic lights and signals	91,699	132,320
Parking lot maintenance	9,266	24,141
Public transit	1,318,949	1,359,126
	3,749,851	3,755,801

Schedule 10

Public Health and Welfare Services
Year ended December 31, 1985

Public Health		
Contribution to South Okanagan Health Unit	19,246	19,869
Building repair and maintenance	4,300	7,821
Cemetery maintenance	122,284	116,479
	145,830	144,169

Schedule 11

Environmental Development Services
Year ended December 31, 1985

Environmental Planning and Zoning	486,081	524,031
Community Development	21,081	4,857
Tree Spray and Weed Control	145,953	128,734
Other		
Community celebrations	19,687	22,531
Visitor and convention facilities	85,115	79,530
Street decorating	40,765	33,369
Community float	7,628	15,446
	806,310	808,498

Schedule 12

CITY OF KELOWNA
General Operating Fund
Recreational and Cultural Services
Year ended December 31, 1985

	1985 $	1984 $
Recreation facilities		
Administration	544,455	598,643
Community centres and halls - buildings	163,200	162,825
- grounds	61,905	62,995
- programs	218,585	214,327
Swimming pools, beaches, marinas - buildings	75,230	32,533
- grounds	76,777	53,983
- programs	327,312	306,594
Skating rinks and arenas - buildings	572,877	551,678
Stadiums - buildings	17,116	21,379
- other	88,735	123,366
Parks and playgrounds - buildings	52,211	43,229
- other	647,214	529,515
Miscellaneous - buildings	15,483	38,031
- grounds	145,155	82,077
- programs	48,050	59,230
	3,054,305	2,880,405
Cultural buildings and facilities		
Libraries- buildings	207,269	190,449
Miscellaneous - buildings	95,888	89,644
- grants	55,380	22,131
	358,537	302,224
Operating grants		
Athans Pool Recreation Complex	345,670	331,533
Kelowna Boys and Girls Club	137,000	99,375
Kelowna Centennial Museum	162,845	153,469
Okanagan Regional Library	447,003	449,444
	1,092,518	1,033,821
	4,505,360	4,216,450

Schedule 13

CITY OF KELOWNA
General Operating Fund
Debt Charges
Year ended December 31, 1985

	1985 $	1984 $
Principal Repayment		
Debenture debt	305,661	268,253
Bank loans secured by borrowing by-laws	118,580	149,000
Purchase agreement	302,080	307,698
	726,321	724,951
Interest Charges		
Debenture debt	888,146	874,086
Bank loans secured by borrowing by-laws	44,827	63,405
Purchase agreements	198,754	198,363
Temporary borrowings	57,758	44,799
Foreign exchange	232,432	191,745
Other debt charges	13,485	21,388
	1,435,402	1,393,786
	2,161,723	2,118,737

Note: The amount of principal due on bank loans and purchase agreements in 1986 is $118,580 and $275,350 respectively.

Stewart & Company

CHARTERED ACCOUNTANTS

RESIDENT PARTNERS:
A. D. (BERT) STEWART, C.A.
JAMES STEWART, B.Sc., C.A.
J. D. (DOUG) VENABLES, C.A.
R. BRUCE LEDINGHAM, C.A.
J. BRIAN STEWART, B.A., C.A.
M. ELAINE PROCTER, B.A., C.A.

TELEPHONE 763-5021
SUITE 204, COMMERCE 1
260 HARVEY AVENUE
KELOWNA, BRITISH COLUMBIA
P.O. BOX 340
V1Y 7N8

AUDITORS' REPORT

To the Shareholders of
Kelowna Developments Ltd.

We have examined the balance sheet of Kelowna Developments Ltd. at December 31, 1985 and the statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Stewart + Company
CHARTERED ACCOUNTANTS

JUNE 5, 1986

CA Members, Institute of Chartered Accountants of British Columbia

KELOWNA DEVELOPMENTS LTD.
(Incorporated under the laws of British Columbia)

BALANCE SHEET

DECEMBER 31, 1985

A S S E T S

	1985 $	1984 $
CURRENT		
Cash		19
Accounts receivable	2	
Property held for future development (Note 2)		246,983
	2	247,002

L I A B I L I T I E S

CURRENT		
Accounts payable and accrued liabilities		19,721

S H A R E H O L D E R S' E Q U I T Y

SHARE CAPITAL		
Authorized		
500,000 common shares without par value		
Issued		
499,001 common shares	2	2
RETAINED EARNINGS		227,279
	2	227,281
	2	247,002

APPROVED BY THE DIRECTORS

Director

Director

KELOWNA DEVELOPMENTS LTD.

STATEMENT OF EARNINGS AND RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1985

	1985 $	1984 $
PROPERTY SALES	247,000	1,375,000
COST OF PROPERTY SOLD	247,002	1,306,587
GROSS MARGIN	(2)	68,413
OTHER INCOME		5,992
EARNINGS (LOSS) FOR YEAR	(2)	74,405
RETAINED EARNINGS BEGINNING OF YEAR	227,279	152,874
	227,277	227,279
DIVIDENDS	227,277	
RETAINED EARNINGS END OF YEAR	NIL	227,279

KELOWNA DEVELOPMENTS LTD.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1985

	1985 $	1984 $
SOURCE OF WORKING CAPITAL		
From operations		74,405
APPLICATION OF FUNDS		
For operations	2	
Dividends	227,277	
	227,279	
INCREASE (DECREASE) IN WORKING CAPITAL	(227,279)	74,405
WORKING CAPITAL BEGINNING OF YEAR	227,281	152,876
WORKING CAPITAL END OF YEAR	2	227,281
WORKING CAPITAL CONSISTS OF:		
Current assets	2	247,002
Current liabilities		19,721
	2	227,281

KELOWNA DEVELOPMENTS LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1985

1. BUSINESS OPERATIONS

On December 3, 1985 the company sold its remaining property and discontinued operations.

2. CAPITALIZATION OF CARRYING COSTS

In accordance with the company's accounting policy, development expenses, interest and property taxes have been capitalized as the carrying value of property held for future developments. Cost of the property to date is as follows:

	1985 $	1984 $
Original cost	1,500,000	1,500,000
Development expenses and carrying costs	601,634	601,615
	2,101,634	2,101,615
Less amounts charged to date to cost of property sold	2,101,634	1,854,632
	NIL	246,983

3. INCOME TAX

The company is a municipal corporation as defined in the Income Tax Act and is exempt from income taxes.

MISCELLANEOUS STATISTICS

	10 Years	5 Years	1 Year	Current
POPULATION (estimated)*	52,200	56,150	64,575	66,189
WATER UTILITY SYSTEM:				
Operating Revenue	$ 555,978	$ 1,536,448	$ 1,949,778	$ 2,050,592
Total Expenditure	581,123	1,520,395	1,956,916	2,040,854
Surplus (Deficit)	$ (25,145)	$ 16,053	$ (7,138)	$ 9,738
Number of Customers - Domestic	5,487	6,385	7,041	7,170
- Commercial	734	979	1,127	1,154
Total Customers	6,221	7,364	8,168	8,324
Total Consumption (Billion Liters)	8.183	9.891	10.6803	9.427
Kilometers of Water Mains	352	393	414.68	421
Number of Hydrants	525	693	857	877
AIRPORT:				
Operating Revenue	$ 131,672	$ 433,877	$ 967,656	$ 1,208,675
Total Expenditure	324,153	771,156	1,595,328	1,597,434
Surplus (Deficit)	$ (192,481)	$ (337,279)	$ (627,672)	$ (388,759)
Aircraft Movements	64,126	78,113	43,576	46,664
Passenger Arrivals and Departures	243,612	383,934	322,808	455,878
ELECTRICAL UTILITY SYSTEM:				
Operating Revenue	$ 2,398,887	$ 3,922,924	$ 7,922,100	$ 7,711,925
Total Expenditure	1,791,803	3,275,423	6,672,100	6,461,925
Surplus	$ 607,084	$ 647,501	$ 1,250,000	$ 1,250,000
Number of Customers - Domestic	6,608	7,992	8,594	8,756
- Commercial	1,367	1,460	1,404	1,398
Total Customers	7,975	9,452	9,998	10,154
Total Power Purchases (KWH)	143,984,276	187,842,162	216,826,955	221,286,523
Total Sales (KWH)	133,878,000	180,489,000	204,570,181	206,238,608
Number of Street Lights	4,548	5,877	6,476	6,515
SEWER UTILITY SYSTEM:				
Operating Revenue	$ 1,548,113	$ 2,169,478	$ 5,931,703	$ 6,409,884
Total Expenditure	1,516,699	1,922,470	5,960,267	6,395,355
Surplus (Deficit)	$ 31,414	$ 247,008	$ (28,564)	$ 14,529

* Latest Census figure - June 30, 1981 was 59,196.

Cont'd...

	10 Years	5 Years	1 Year	Current
Total Treated (Billion Liters)	2,360	3,506	4,765	4,942
Km of Sanitary Sewer Mains	111	167.7	179.35	181
Km of Storm Sewer Mains	34	78.05	105.27	108
FIRE DEPARTMENT:				
Total Costs	$ 1,583,699	$ 1,923,195	$ 3,759,393	$ 3,873,402
Number of Men - Permanent	49	79	80	78
- Volunteer	171	144	148	151
Number of Fire Vehicles	27	33	32	32
Number of Ambulances	3	3	0	0
Fire Calls - Other	906	1,088	1,133	1,384
- False	56	111	122	131
Total Fire Calls	962	1,199	1,255	1,515
Ambulance Calls	2,496	3,348	1,084	1,315
R.C.M.P. CITY DETACHMENT:				
Total Costs	$ 576,839	$ 2,178,570	$ 3,833,879	$ 4,035,851
Number of Men	26	64	71	71
MUNICIPAL STATISTICS:				
Area (Hectares) - Land	21,289	21,401	21,385	21,385
- Water	1,453	1,453	1,452	1,452
Kilometers of Road - Paved	437*	464*	464*	444
- Oiled	146*	139*	139*	94
- Gravel	62*	60*	60*	85
Total Kilometers	645	663	663	623
Public Park Water Frontage (m)	2,634	3,403	3,403	3,403
Total Park Hectares	187	230.26	229.72	229.72
Number of Parks	26	37	36	36
DEBENTURE DEBT EXCLUDING UTILITIES:				
Amount	$ 2,205,932	$ 6,838,816	$ 8,047,199	$ 8,192,135
Per Capita	$ 42.25	$ 121.79	$ 124.62	$ 123.77
Unused Borrowing Power	$29,135,961	$ 36,786,079	$ 54,035,806	$ 46,674,921
BUILDING PERMITS:				
Number	2,232	2,578	1,566	1,528
Construction Value	$52,258,150	$ 86,805,270	$ 41,960,796	$ 46,143,448
PERSONNEL:				
Number Hourly Paid (Monthly Average)	94	215	146	141
Annual Wage Cost	$ 1,095,071	$ 4,084,939	$ 4,233,573	$ 4,373,249
Number Salary Paid (Monthly Average)	185	265	249	252
Annual Salary Cost	$ 2,457,356	$ 5,846,987	$ 7,922,483	$ 8,482,704
VOTER'S LIST:				
Total Registered Voters	27,049	32,604	28,207	29,666

* Estimated figures until 1985.

Contd...

	10 Years	5 Years	1 Year	Current
WEATHER (KELOWNA AIRPORT):				
Rainfall (30 year mean 226.4 mm, 84 day)				
- Total mm	181.4	319.9	315.0	264.6
- Number of Days	81	117	109	88
- Heaviest Fall Day (24 cons. hrs.)	May 3	Sept 13	Aug 12/13	Sept. 6
- Amount 24 Hour Period (mm)	20.8	22.4	29.6	33.4
Snowfall (30 year mean 103.5 cm, 88 days)				
- Total cm	190.5	91.6	106.5	77.7
- Number of Days	52	37	33	38
- Heaviest Fall Day (climatological day)	Jan 17	Feb 20	Dec 8	Dec. 3
- Amount Climatological Day (cm)	21.8	25.2	14.4	12.0
Number of Days with Thunderstorms	14	19	18	14
Frost Free Days in Season	114	152	124	131
Hours of Sunshine	2009.6	1857.9	1749.8	1942.6
TEMPERATURES:				
Highest - Temperature (C)	36.7	32.8	35.7	38.0
- Day	July 9	July 28	July 25	July 21
Lowest - Temperature (C)	-26.1	-25.4	-28.4	-28.4
- Day	Jan 11	Dec 7	Dec 31	Nov 28

PROPERTY TAX STATISTICS

DESCRIPTION	1985 ASSESSMENT $	1985 RATE/ $1,000 $	1985 CHARGE $	1984 ASSESSMENT $	1984 RATE/ $1,000 $	1984 CHARGE $
REGIONAL DIST:						
01 Residential	1,501,563,676	.3137	471,041	1,514,884,865	.3045	461,282
02 Utilities	63,186,266	1.0981	69,385	61,420,033	1.0658	65,461
04 Machinery	114,505,200	.8785	100,593	110,208,100	.8526	93,963
05 Industry	76,015,450	1.0667	81,086	80,174,500	1.0353	83,005
06 Business	381,173,763	.7687	293,008	394,081,882	.7460	293,985
08 Seasonal	20,813,250	.3137	6,529	20,569,000	.3045	6,263
09 Farm	12,810,245	.3137	4,018	12,760,856	.3045	3,886
Total	2,170,067,850		1,025,660	2,194,099,236		1,007,845
HOSPITAL:						
01 Residential	1,501,563,676	.1533	230,190	1,514,884,865	.2525	382,510
02 Utilities	63,186,266	.5365	33,899	61,420,033	.8838	54,283
04 Machinery	114,505,200	.4292	49,146	110,208,100	.7070	77,917
05 Industry	76,015,450	.5212	39,619	80,174,500	.8585	68,830
06 Business	381,173,763	.3756	143,169	394,081,882	.6186	243,779
08 Seasonal	20,813,250	.1533	3,191	20,569,000	.2525	5,194
09 Farm	12,810,229	.1533	1,964	12,760,856	.2525	3,222
Total	2,170,067,834		501,178	2,194,099,236		835,735
ASSESSMENT AUTH.:						
01 Residential	1,501,563,676	.1420	213,224	1,514,884,865	.1420	215,115
02 Utilities	63,186,266	.4970	31,404	61,420,033	.4970	30,526
04 Machinery	114,505,200	.3976	45,527	110,208,100	.3976	43,819
05 Industry	76,015,450	.4828	36,700	80,174,500	.4828	38,708
06 Business	381,173,763	.3479	132,610	394,081,882	.3479	137,101
08 Seasonal	20,813,250	.1420	2,956	20,569,000	.1420	2,921
09 Farm	12,810,229	.1420	1,819	12,760,856	.1420	1,812
Total	2,170,067,834		464,240	2,194,099,236		470,002
SCHOOL:						
01 Residential	1,501,563,676	5.9665	8,959,079	1,514,884,865	5.991	9,075,675
02 Utilities	63,186,268	19.1450	1,209,701	61,420,033	19.495	1,197,384
04 Machinery	114,505,200	10.2110	1,169,213	110,208,100	15.596	1,718,806
05 Industry	76,015,450	16.4100	1,247,414	80,174,500	18.938	1,518,345
06 Business	381,173,763	13.4020	5,108,491	394,081,882	13.647	5,378,035
08 Seasonal	20,813,250	5.4700	113,848	20,569,000	5.570	114,569
09 Farm	12,810,260	5.4700	70,072	12,760,856	5.570	71,078
Total	2,170,067,867		17,887,818	2,194,099,236		19,073,892

Contd....

PROPERTY TAX STATISTICS - 2.

DESCRIPTION	1985 ASSESSMENT $	1985 RATE $1,000	1985 CHARGE $	1984 ASSESSMENT $	1984 RATE $1,000	1984 CHARGE $
GEN. MUNICIPAL:						
01 Residential	1,476,779,726	5.9244	8,749,033	1,484,107,390	5.6047	8,317,976.60
02 Utilities	15,635,518	13.0929	204,714	13,257,335	12.3738	164,043.65
05 Industry	76,015,450	10.3084	783,598	80,174,500	9.7736	783,593.48
06 Business	381,262,588	10.3084	3,930,207	394,081,882	9.7736	3,851,598.69
08 Seasonal	18,346,823	5.9044	108,694	18,102,572	4.8869	88,465.43
09 Farm	25,620,611	.5000	12,813	25,521,816	.5000	12,763.49
10 Farm Improv.	40,498,850	2.4290	98,372	47,152,025	2.3200	109,392.84
Total	2,034,159,566		13,887,431	2,062,397,520		13,327,834.18
OTHER TAX CHARGES:						
Local Improvements			$190,555.00			$171,018.00
Sewer Parcel Tax			382,160.00			375,560.00
Water Parcel Tax			94,100.00			93,260.00
Total			$666,815.00			$639,838.00

TAX COLLECTIONS:

	1985	1984
% of Current Levy Collected	95.1	95.8
Total as a % of Current Levy	102.8	102.2
Total Arrears as at December 31st	$779,159	$1,107,186
Per Capita Arrears	$11.77	$17.15

Kelowna Coat of Arms

The City of Kelowna's Armorial Bearings received the official sanction of the College of Heralds, only after meticulous research. In beautiful colours, complete with hand-script scroll of the official warrant carrying the armorial bearings of the Duke of Norfolk, Her Majesty the Queen and the College of Heralds, it was officially, accepted by the Kelowna City Council on January 3rd, 1955.

The Shield, with wavy blue lines on white at the base, depicts Okanagan Lake from which rise three white piles, representing mountains; above these on a blue sky, are two apples or (gold). Astride the Shield, knightly armour, surrounded by a wreath, supports an apple tree bearing apples. At the base of the tree, the ancient crosscut saw is emblematic of the lumbering industry and early pioneers.

The supporters are, on the dexter side, a grizzly bear, indicating the derivation of the city's name, and, on the sinister side, a seahorse, which is the nearest thing in Heraldry to our Ogopogo.

The Motto, "Fruitful in Unity", alludes to Kelowna's steady progress, largely attributable to its basic fruit industry and the community mindedness and cooperation of its citizens.

REGATTA PRESS LTD.